

SUMMARY ANALYSIS OF AMENDED BILL

Author: Nava/Bass Analyst: Nicole Kwon Bill Number: AB 164
 Related Bills: See Prior Analysis Telephone: 845-7800 Amended Date: Aug. 30, and Sept. 2, 2005
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Disaster Loss Deduction/Excess Loss Carryover/Shasta County Wildfires/Kern, Los Angeles, Santa Barbara & Ventura County Severe Rainstorms, Related Flooding, Slides & Other Events

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

☒ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO Support.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED August 17, 2005, STILL APPLIES.

OTHER – See comments below.

SUMMARY

This bill would allow taxpayers special tax treatment, called disaster loss treatment, for losses sustained as a result of the severe rainstorms and related events that occurred in Kern, Los Angeles, Santa Barbara, and Ventura Counties.

SUMMARY OF AMENDMENTS

The August 30, 2005, amendments added double-jointing language that this bill would not become operative unless both this bill and SB 457 (Kehoe) are chaptered and become effective on or before January 1, 2006.

The September 2, 2005, amendments made changes by eliminating losses related to severe rainstorms and related events in Orange, Riverside, San Bernardino, and San Diego Counties from the disaster loss treatment resulting from the enactment of this bill. The September 2, 2005, amendments also eliminated June 2005 from the provisions. Those losses are addressed in SB 457 (Kehoe) to which this bill is double-jointed. As a result of the amendments, a revised revenue estimate is included below. The remainder of the department's analysis of the bill as amended August 17, 2005, still applies.

Board Position:

☒ S _____ NA _____ NP
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 _____ N _____ OUA _____ PENDING

Legislative Director

Date

Brian Putler

10/19/05

POSITION

Support.

On March 29, 2005, the Franchise Tax Board voted 2-0, with the representative from the Department of Finance abstaining, to support this bill as amended March 8, 2005.

Revenue Estimate

Based on the discussion below, the total revenue loss from this bill is as follows:

Estimated Revenue Impact of AB 164		
As Amended 9/2/05		
Assumed Immediate Enactment Date		
Fiscal Year Impact		
2005-06	2006-07	2007-08
a/	b/	a/

a/ Loss of less than \$150,000

b/ Loss of less than \$250,000

Revenue Discussion

The revenue estimate of this bill is dependent on the amount of private personal property losses reported by residents in the counties of Kern, Los Angeles, Santa Barbara, and Ventura.

The original revenue loss estimate that included all eight counties (Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura) totaled \$810,000. This bill's portion of the original revenue loss for the counties listed above is estimated to represent approximately thirty-eight percent or \$308,000. This revenue loss could be carried back to the prior tax year for a return already filed or allowed in future years. If total losses are utilized over a three-year period, including possible prior year tax refund, the revenue impact is deemed as insignificant for fiscal year 2005/06 and negligible for 2006/07.

LEGISLATIVE STAFF CONTACT

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